

APPS RUN THE WORLD

Education

Vertical Applications Market Report 2009-2014,
Profiles Of Top 10 Vendors

7/30/2010

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Table of Contents

Summary	4
Top Line and Bottom Line.....	4
Market Overview	4
Implications Of The Great Recession of 2008-2009.....	5
Customers	5
Top 10 Apps Vendors In Vertical	6
Vendors To Watch.....	6
Outlook.....	6
SCORES Box Illustration.....	7

Profiles of Top 10 Apps Vendors	8
SunGard	9
Blackboard.....	13
Oracle.....	17
Pearson Education	22
Campus Management.....	27
Jenzabar	31
Infinite Campus.....	35
Constellation Software	39
Tyler Technologies.....	43
UNIT4	47

Summary

This applications market sizing report examines the 2009 performance of the top 10 applications vendors in the education vertical dissecting their strengths and challenges using the SCORES methodology. Even though many education institutions have been facing financial shortfall because of the recession, the report explains some of the bright spots in the vertical as vendors have benefited from upgrade and replacement opportunities among schools eager to become more efficient and accommodating to the needs of their key constituents.

Top Line and Bottom Line

On the top line, the business of selling applications to the education vertical is expected to grow faster than the overall apps market in 2010 because of the following reasons:

Pent-up demand from users that are planning to replace or upgrade their legacy systems that are either outdated or could not keep up with their changing requirements in areas such as financial accounting, student information management and eLearning.

Expansion of the education market is evident in many developing countries as government-funded initiatives are spreading in the Middle East, Latin America and Asia Pacific to raise the quality of their higher education institutions to Western standards. Such programs call for the building of state-of-the-art facilities that sport the latest teaching and administrative tools to deliver world-class education to their students.

Schools in North America and Western Europe are relying heavily on new applications for eLearning and constituent relationship management to enhance education experience, while cultivating stronger ties with students, alumni, donors and benefactors to win their financial backing in the future.

The bottom line is that the education vertical remains an attractive market for applications vendors as growth-oriented schools are aiming to use the latest software tools to help them improve their existing facilities, while laying the foundation to expand their continuous education divisions and satellite campuses around the world.

Market Overview

The market for applications for education vertical edged up 5.7% in 2009 as schools around the world continued to invest in new software products to help them automate increasingly diverse and complex business processes due to the proliferation of distance learning as well as the coming onslaught of learning via mobile devices, not to mention government mandates to boost the quality of teachers and schools.

Major applications vendors specializing in the education vertical have benefited from the trend as they ramped up their global expansion plans through alliances, acquisitions and product extensions. For example, after buying Talisma in 2008, Campus Management started selling Talisma CRM applications to higher education customers in the United Kingdom.

Similarly, Constellation Software bought SDS Software, which offers ERP systems for K-12 schools in Canada, in January 2010, following a series of acquisitions of education applications vendors in the United States. It has also

announced plans to gain the full ownership of Gladstone, a UK software vendor specializing in education and leisure verticals.

The increased consolidation marks a new era for the education applications market as customers become more global and sophisticated in nature demanding scalable and integrated solutions to handle an array of tasks from centralized reporting to full visibility into student and constituent information.

Implications Of The Great Recession of 2008-2009

The recession has not hit the education market evenly around the world. Some countries, especially those in Asia Pacific and the Middle East, proceeded with their plans to establish digital campuses for their schools and universities as their long-term strategies to use education as a weapon to boost their competitiveness on the global stage. As a result, applications and the associated technologies from eLearning to portals have become their power accessories.

Some schools in the United Kingdom, on the other hand, reported substantial surpluses – ranging anywhere from 5% to 8% of their budget that amounts to more than £1 million in some cases - after years of prudent financial management. Many are expected to use such surpluses for facility improvement and IT projects, or risk forfeiting them to the authority.

The U.S. K-12 school systems fared much worse during the recession because much of their funding came from property-tax receipts, which dropped precipitously with plummeting housing prices.

The higher education segment was a mixed bag. While state colleges experienced revenue shortfall during the recession because of depleted government funding, the sluggish economy prompted many to go back to schools and that in turn boosted enrollment. Other colleges resorted to tuition hikes or expanded their distance learning programs.

As housing prices began to pick up, school revenues could rise accordingly. The same applies to the steady college tuition increases, a rate that for many years has outpaced inflation, which is at an all-time low. Finally the rising popularity of for-profit colleges has also given the market a big boost. Vendors such as Blackboard have already been successful in selling elearning applications to such institutions as Capella University and KC Distance Learning. All of which meant that the overall IT spending environment in the education vertical was bleak, but not dire.

Customers

On the regional front, schools in Asia Pacific and the Middle East will remain the fast-growing region for education applications vendors. SunGard High Education, for example, has reaped the benefits by chalking up numerous wins at UAE Ministry of Education, UAE University, Zayed University, and the Higher Colleges of Technology in UAE, all of which have been running their campuses with SunGard Higher Education applications.

Oracle, on the other hand, has built a strong presence in some of the well-established higher education institutions such as Hong Kong University, which helps serve as the IT model for schools in other Asian countries, a common practice among educators and administrators.

In terms of the customer size segmentation, smaller colleges and universities are likely to outspend the bigger ones because of years of underinvestment. That comes at a time when survival of these schools is at stake, which has prompted many to join consortiums to seek better pricing and support from vendors. For example, the Boston

Consortium for Higher Education has seen its membership grow, while the nonprofit IMS Global Learning Consortium and European Schoolnet, which is supported by 31 Ministries of Education in Europe, have begun working together in a formal program to improve the adoption of learning technology standards and specifications in Europe.

Such collaboration could spur the standardization of school technologies for a large segment of the education market, something that until recently was done at the local or regional level.

Top 10 Applications Vendors In Vertical

The following table lists the 2009 shares of the top 10 applications vendors in the education vertical and their 2008 to 2009 applications revenues (license, maintenance and subscription) from the vertical.

Vendor	2009 Share (%)	2009 Applications Revenues From Education (\$M)	2008 Applications Revenues From Education (\$M)
SunGard	12.9%	307	310
Blackboard	12.6%	300	245
Oracle	11.0%	260	240
Pearson Education	5.3%	125	115
Campus Management	3.6%	85	79
Jenzabar	3.1%	74	70
Infinite Campus	1.9%	45	40
Constellation Software	1.4%	34	32
Tyler Technologies	1.3%	32	30
UNIT4	1.3%	25.8	25
Subtotal	64.3%	1262	1161
Other	56.6%	1111	1096
Total	100.0%	2373	2257

Vendors To Watch

One of the trends that applications vendors are heeding is the ubiquity of mobile devices, which could become instrumental in helping spread education to developing countries where basic school infrastructure and services have been lacking.

The same applies to the onslaught of social media tools that can be harnessed to reshape curriculum development, raising the question whether Web 2.0 technologies can be incorporated into a new, and perhaps a more effective way, to deliver education to a bigger set of students.

Desire2Learn, Moodlerooms, Inc., and RenWeb are among the vendors to watch in this space, leveraging the Web as the global platform for easy distribution of content, learning management systems and school management systems.

Outlook

On the upside, the education vertical appears to be holding up well despite the lingering effects of the recession. Developing countries are forging ahead with their plans to place education on top of their domestic agenda, while industrialized nations are aiming to use their precious dollars to rebuild their school systems through private and

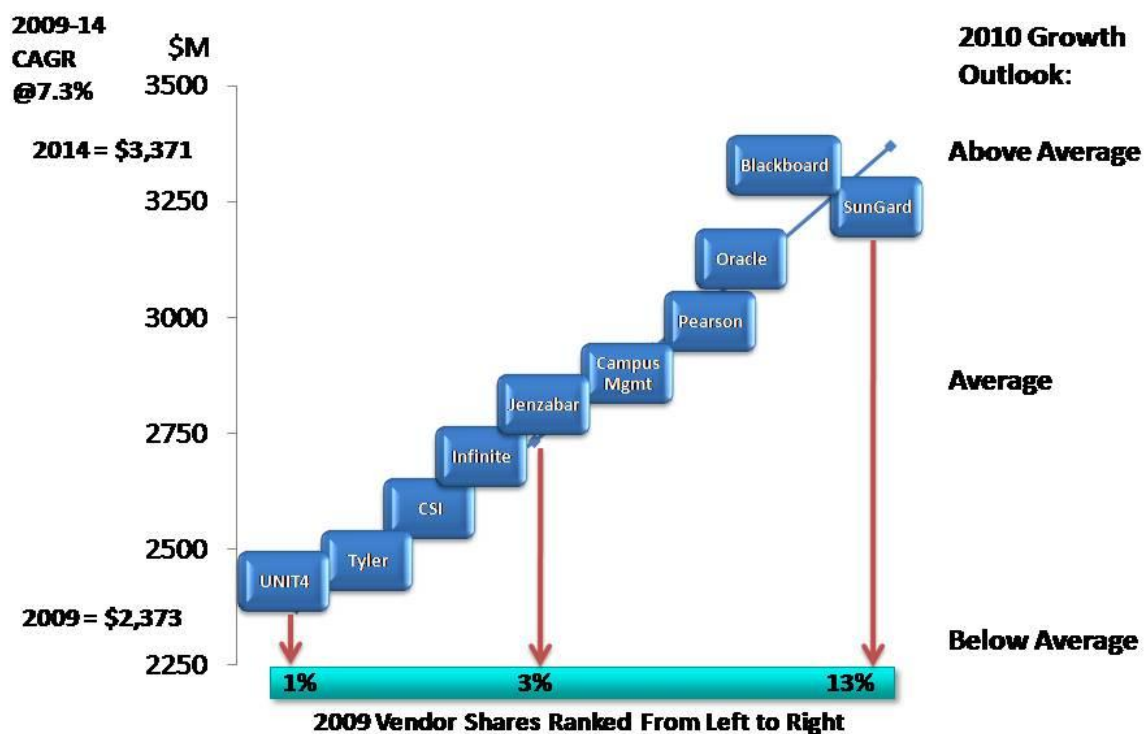
public sector collaboration and a healthy dose of technology overhaul in order to support one of the major planks of their communities.

On the downside the slumping housing market in the US could curtail applications investment in the K-12 market extending the already elongated upgrade and replacement cycle. Because of customer inertia and lackluster growth in their installed base, major education vendors appear to show little interest in ramping up their research and development efforts for their campus solutions.

SCORES Box Illustration

The following graphic shows the 2009 shares of the top 10 education applications market with SunGard claiming the top spot at 13%, followed by Blackboard, Oracle, Pearson, Campus Management and others. Based on our SCORES methodology, Blackboard is rated above average for their growth potential in 2010. The market is expected to achieve a 7.3% compound annual growth rate rising from \$2.3 billion in 2009 to \$3.3 billion by 2014.

2009 Shares of Top 10 Apps Vendors in Education Vertical, 2010 Growth Outlook, Forecast Through 2014



Profiles of Top 10 Applications Vendors In Vertical

- SunGard
- Blackboard
- Oracle
- Pearson Education
- Campus Management
- Jenzabar
- Infinite Campus
- Constellation Software
- Tyler Technologies
- UNIT4

SunGard Data Systems

Hillsboro, OR

www.sungard.com

Overview:

SunGard sells financial management, fund raising and student administrative systems for colleges and universities through its SunGard Higher Education division, while offering separate administrative and instructional management applications to the K-12 market through its public sector business unit.

Applications Revenues:

	2008	2009
\$(M)	310	307

2009 Applications Revenues By Region:

Region	2009(\$M)	% of total
Americas	260.9	85%
EMEA	30.7	10%
Asia Pacific	15.35	5%

2009 Applications Revenues By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	153.5	50%
Large(1K-5K ees)	92.1	30%
SMB(1K ees and below)	61.4	20%

2009 Applications Revenues By Revenue Type:

Revenue	2009(\$M)	% of total
License	46.05	15%
Maintenance	184.2	60%
Subscriptions	76.75	25%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 12.9% share in the education vertical, SunGard's ability to maintain and win share in the market segment in 2010	Average

Full overview:

SunGard, a diversified software vendor, has assembled a strong lineup of industry specific applications for the education vertical following years of acquisitions that included well-known brands such as Banner. Because of its breadth of offerings for higher education customers and K-12 school districts, SunGard has enjoyed a loyal following among some of the biggest learning institutions in the United States. Increasingly other SunGard businesses such as hosting and system availability, have been instrumental in helping its education unit sell more products, while providing value-added services to become more entrenched among its installed base as well as that of its competitors.

SunGard has more than 2,500 customers in the education vertical. The split is 1,850 higher education institutions primarily in the United States and EMEA and 650 in K-12 primarily in the United States.

Key Applications For Education Vertical:

SCT Banner, Collegis, PowerCampus, Matrix, Plus, Campus Pipeline, Luminus, Campus Loan Manager, eSchoolPlus, StudentPlus

SCORES Analysis

Strengths

With an extensive product portfolio, SunGard has built a formidable lead in the education market and its desire to extend the lead has never been more resolute.

However its progress has been hobbled by the slow pace of system upgrades among its customers, especially those that faced budget cuts brought on by the recession.

In order to help ease the expenses and technical challenges associated with the migration, SunGard launched in 2009 the Open Digital Campus initiative, which allows colleges and universities to access SunGard applications in whatever delivery model they choose.

The greater deployment flexibility could be an impetus to take advantage of new SunGard offerings among colleges and universities that previously had little or no IT resources to spare for such upgrade activities.

Leveraging its expertise in hosting and high availability services, SunGard has been zeroing in on its online delivery capabilities. For example, the newly introduced PowerCAMPUS Hosting provides a complete package including operating system, database and application administration management, incident management resolution, 24 x 7 support, and licenses and hardware for PowerCAMPUS.

On the K-12 side, SunGard stepped up its push by acquiring Performance Pathways Inc., a provider of instructional management software for K-12 school districts, in 2009.

Customers

With more than 2,500 customers in the education vertical, SunGard has achieved a critical mass by parlaying its successful implementations at US institutions to others around the world. A recent win was the German University of Technology in Oman, which has chosen PowerCAMPUS to help create a digital campus.

Other international wins included UAE Ministry of Education, UAE University, Zayed University, and the Higher Colleges of Technology in UAE, all of which have been running SunGard Higher Education applications to help run their campuses. Over the past year, SunGard has won similar deals in Australia, Brazil, Chile, Ecuador, India and the United Kingdom.

Another dimension of customer engagement is through the use of SunGard's hosting and availability services, which recently were instrumental in helping SunGard win business from customers that have been using competitors' offerings. For example, Antioch University is turning to SunGard to conduct an assessment of the security of its IT infrastructure. SunGard Higher Education will also provide remote and onsite services in support of the Antioch University's Datatel administrative system.

Opportunities

SunGard's biggest opportunities in the education vertical lie in the acceptance of the Open Digital Campus initiative, which could bring its legacy customers to the latest releases and bolster the vendor's wallet share with them along the way.

Its recent successes in the Middle East also underscore SunGard's ability to leverage its vast support resources to help its global customers pursue their online strategy.

Risks

As the Open Digital Campus initiative gets under way, SunGard's future may lie in its ability to win over schools that remain unconvinced about the benefits of the latest product features especially those on the eLearning side from SunGard or the risks inherent in keeping student and administrative data in an online environment.

Another challenge has to do with SunGard's lackluster performance on the K-12 side, which continues to lag behind competitors that keep a laser focus on addressing near-term and long-range needs of their K-12 customers.

Ecosystem

In selling into the higher education market, SunGard has been partnering with Microsoft Dynamics division in a joint-selling situation with the former selling student administrative systems and the latter delivering ERP applications. The arrangement has helped SunGard's offload its financial and ERP development efforts to Microsoft, while taking advantage of the benefits of co-marketing such bundles with the technology powerhouse.

In addition to Microsoft, SunGard also partners with a long list of education industry vendors and developers including Blackboard for eLearning, SciQuest for eProcurement, PeopleAdmin for human capital management, and Famis for facilities management.

Shares

With a 12.9% share in the education vertical, SunGard has been on a hot pursuit to grow its business through internal and external partners. While its ability to win new customers has never been in doubt, the sheer size of SunGard may make it hard to tell whether any organic growth can be achieved just when its overall business is still under pressure.

On the upside, the collaborative spirit among different SunGard business units appears to be working in favor for its education push.

On the downside, much more is needed for SunGard to drive acceptance of the Open Digital Campus initiative, while ensuring that the value of its total solution stack is resonating with new and existing customers.

For that reason, SunGard's ability to gain share in the near term is average.

Blackboard

Washington, D.C.

www.blackboard.com

Overview:

Following a long stretch of uninterrupted growth and tucked-in acquisitions, Blackboard has emerged as one of the biggest software vendors in the education vertical. Its full suite of eLearning applications for higher education institutions, along with connectivity and eCommerce applications, has been widely used among large and small colleges and universities all aiming to leverage the latest Web technologies to optimize the virtual school experience.

Applications Revenues In Education:

	2008	2009
\$(M)	245	300

2009 Applications Revenues In Education By Region:

Region	2009(\$M)	% of total
Americas	240	80%
EMEA	30	10%
Asia Pacific	30	10%

2009 Applications Revenues In Education By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	60	20%
Large(1K-5K ees)	150	50%
SMB(1K ees and below)	90	30%

2009 Applications Revenues In Education By Revenue Type:

Type	2009(\$M)	% of total
License	105	35%
Maintenance	90	30%
Subscription	105	35%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 12.6% share in education vertical, Blackboard's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

After becoming an eLearning juggernaut for the education vertical, Blackboard has continued to expand through relentless acquisitions. In 2009 it acquired ANGEL Learning for \$95 million adding 800 customers along the way. Last year it also acquired Terriblyclever Design, a developer of iPhone and mobile Internet applications for education customers.

Typical customers are higher education institutions, K-12 districts and trade schools and membership associations with hundreds to tens of thousands of students.

Key Applications For Education Vertical:

Blackboard Academic Suite; Blackboard Commerce Suite; and Blackboard Connect

SCORES Analysis

Strengths

Blackboard's history has helped prepare the vendor to take on the role as the de facto eLearning applications vendor for the higher education vertical. The vendor started selling online learning tools based on software developed for the faculty of Cornell University through its acquisition of CourseInfo in 1998.

Since then it has been on a tear signing up new customers and continuing product enhancements that prove to be pivotal in reshaping the way education institutions deliver interactive learning to their students.

A key strength of Blackboard lies in the large number of users exceeding five million that run its applications on a regular basis. That results in huge utilization of its products that serve as the vendor's best sounding board as well as an effective promotional tool that amplifies the network effect .

The latest advance comes in the form of the release of Blackboard 9.1, which integrates a range of social learning tools designed for active student engagement by incorporating multimedia content from Web sources including YouTube, Flickr and Slideshare. The release also offers enhancements for K-12 teachers and learners with emphasis on lesson planning and standards alignment. It also serves as a common platform for easy migration for former WebCT users.

Recently Blackboard acquired Saf-T-Net, Inc., which offered AlertNow for messaging and mass notification applications for the K-12 marketplace. That followed the 2009 acquisition of ANGEL Learning, another major eLearning vendor for the education vertical.

What it underscores is Blackboard's ability to keep its competitors at bay with a combination of product innovation and expansion through acquisitions, both of which will significantly raise the barriers to entry.

Customers

With 5,800 customers, Blackboard has been adding new customers and expanding business with existing ones at a rapid pace. One attribute with its customer acquisition strategy has to do with the relatively affordability of its applications. An enterprise-wide license runs anywhere between \$40,000 and \$58,000, far lower than the cost of a student information system. But its impact is no less significant.

In the near term, Blackboard's sales strategy will center around boosting its renewal rate, which now stands at 92%, along with a concerted effort to expand its hosting business, which now accounts for 15% of its customer count. Raising both percentages could help generate substantial recurring revenues for Blackboard.

In 2009 Blackboard's wins among major education institutions included Arizona State University, Cherry Creek School District, Cincinnati Public School, Community College of Baltimore County, Florida State University, Ivy Tech Community College, King Saud University, Louisiana State University, Manchester University, Omaha Public Schools, Spokane Public Schools, University of Bristol, and University of Washington.

Opportunities

The acquisition of Terriblyclever Design is expected to help Blackboard further its push into the mobile learning market, which has been identified as one of its key growth drivers. Currently more than 70 customers are using its mobile applications, but the number could rise sharply especially in emerging countries where mobile adoptions are skyrocketing.

Another growth area lies in the professional education segment, which includes commercial, government and corporate institutions planning to deploy eLearning tools.

Risks

The expansion into the professional education segment could result in Blackboard competing directly with other eLearning content and applications vendors, something that could undermine Blackboard's core competency in the education vertical.

In addition advances in eBooks and other mobile devices could also be a threat to Blackboard's nascent mobile education strategy. The same applies to the proliferation of Cloud services in conjunction with open source software will usher in a paradigm shift fundamentally changing how eLearning will be developed, deployed and adopted.

Lastly it will take a while before its customers migrate to Blackboard 9 or 9.1, which will be the converged platform for its Web CT and ANGEL Learning customers, and any extended delay could result in incremental support costs for the vendor.

Ecosystem

In the United States, Blackboard primarily sells direct and it relies on a network of resellers for its international clients. The global resellers include 01 PLIROFORIKI SA Greece, Avanzo Spain, BEENET in Asia, Bludis Italy, CognosOnLine, CSK Systems Corp., Edutech, Eiffel Corp, GEO Strategist Brazil, Human Capital Mexico, ISB, Mediamasteri Group, Medyasoft Turkey, Novabase Portugal, Romsym Data doo Romania, Sadiel Spain, SICOM Mexico, Sistemas CBT Mexico, Smart Education Poland, and Vertical Portals in Russian Federation.

In addition to its channel, Blackboard partners with ISV developers such as Saba and SunGard Higher Education, content providers such as Thomson Learning, and eCommerce vendors such as Aramark.

Shares

With a 12.6% share in the education vertical, Blackboard has the potential of becoming the No. 1 vendor in 2010. With a stated goal of reaching \$440 million in revenues for 2010 as a result of its acquisition of ANGEL Learning, Blackboard's ability to gain share is above average.

On the upside, government stimulus dollars, coupled with the growing acceptance of its mobile and connectivity products, could sustain its growth over the next year or two.

On the downside, product integration issues, as well as the looming threat posed by mobile and open source upstarts, could be an inhibitor in the long run.

Oracle

Redwood Shores, CA

www.oracle.com

Overview:

After establishing a strong presence in the higher education vertical, Oracle has chalked up additional customer wins among colleges and universities around the world, reinforcing the appeal of its extensive applications portfolio. Typical customers range from statewide college systems to independent schools.

Applications Revenues In Education:

	2008	2009
\$(M)	240	260

2009 Applications Revenues In Education By Region:

Region	2009(\$M)	% of total
Americas	156	60%
EMEA	65	25%
Asia Pacific	39	15%

2009 Applications Revenues In Education By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	156	60%
Large(1K-5K ees)	78	30%
SMB(1K ees and below)	26	10%

2009 Applications Revenues In Education By Revenue Type:

Type	2009(\$M)	% of total
License	91	35%
Maintenance	169	65%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 11% share in the education vertical, Oracle's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Following its 2004 acquisition of PeopleSoft, a major software vendor for the education vertical, Oracle has consolidated its gains by consistently improving its education offerings while expanding its reach on a global level.

The biggest change to its higher education push in 2009 stemmed from its decision to decouple the PeopleSoft Campus Solution from the main PeopleSoft Enterprise product line. This should pave the way for Campus Solution to cement customer support through incremental updates, rather than following the continuous point release cycle of PeopleSoft Enterprise.

Oracle has also made special accommodation for legacy Oracle applications customers in the education market, providing them with eventual migration to the Campus Solution in order to achieve the same benefits.

Elsewhere Oracle is leveraging its extensive product portfolio to help its education customers take advantage of offerings such as Siebel CRM for constituent relationship management, Oracle Master Data Management for seamless data integration, as well as analytics, collaboration and other complementary solutions best fit for education users.

Oracle has more than 1,000 colleges and universities and over 500 K-12 school districts as customers. On the higher education side, it has customers in many of the populous countries such as China and Brazil. Its K-12 customers are mostly in the United States.

Key Applications For Education Vertical:

Oracle PeopleSoft Campus Management, Campus Solutions 9.0

SCORES Analysis

Strengths

After years of selling into the education vertical, Oracle has developed a keen sense of what educators and administrators are looking for. The hyper-acquisitive vendor has made it its top priority to meet that challenge by using all of its acquired software assets as well as mission-critical integration components to tie these products together in order to optimize user experience and reduce operating costs for the customers.

The result is a clear product roadmap that aggregates the benefits of many of its moving parts.

By decoupling Campus Solution, which is staying in its current release 9.0 for the time being, from the more current PeopleSoft ERP releases, Oracle is allowing its customers to migrate if necessary, but staying put is also an option. That is going to be facilitated by an upcoming integration between Campus Solution and different instances of PeopleSoft HCM including the 9.0 and 9.1, as well as version 8.9 of PeopleSoft CRM, Financials and Enterprise Performance Management, which is still widely used among PeopleSoft education customers. The bottom line is to preserve the value of Campus Solution, but still making it possible for customers to upgrade their other PeopleSoft systems whenever it makes sense for them to do so.

Another integration option is for Campus Solution to be connected to Siebel system to create a unified higher education constituent hub that provides a central data repository for constituent data. Other integration choices include extending Campus Solution to Oracle CRM On Demand for customers to take advantage of the ease of deployment in order to boost visibility into their constituents especially at the departmental level.

The strengths of Oracle's integration capabilities, coupled with upcoming updates of Campus Solution that include enhancements such as Web services and global features (new translations in simplified Chinese, Korean and UK English), will continue to make the case of standardizing around the Oracle technology stack a clear value proposition for its stakeholders in the education vertical.

Customers

With more than 1,500 customers in the education vertical, Oracle has emerged as the standard bearer when it comes to automating the business processes of many leading school districts and renowned universities around the world.

Its 2009 customer wins included Carnegie Mellon University, Chinese University of Hong Kong, City University of New York, Dalian Ligong university (China), Embry-Riddle Aeronautical University, Hong Kong University of Science & Technology, JSS Medical Research, Lahore University of Management Sciences, Lone Star College System, McGill University, National Chung Hsing University, Pennsylvania State System of Higher Education, San Diego Unified School District, School Board of Lee County, FL, Texas A&M University, Universiti Putra Malaysia, University of Adelaide, University of Minnesota, University of Southern Queensland, and University of Wisconsin-Madison.

Some of these wins could result in substantial revenues. The contract with the Pennsylvania State System of Higher Education (PASSHE), is a case in point. In September 2009 Oracle was awarded the contract, whose value could top \$50 million over the next few years. Both SunGard Higher Education and Datatel are also contract holders meaning that all three are in the position of selling their ERP systems to the 14 universities within the PASSHE system. Oracle will get a slice of the contract depending on how it performs vis-à-vis SunGard and Datatel in early deployment, but it is likely that Oracle will end up getting a bigger chunk of the contract than others because of its extensive product portfolio.

Opportunities

Oracle's biggest opportunities in the education vertical lie in the overseas market where it has already earned the reputation as a preferred system among a growing number of colleges that act as credible references. In Australia, Brazil and Hong Kong, Oracle's higher education offerings have already become the de facto standard for many top schools in the region creating a domino effect for their counterparts to follow suit either within the same city or in another country where alliances among different institutions are becoming increasingly common.

Risks

The decision to decouple the Campus Solution from other PeopleSoft's latest releases casts doubts over the long-term direction of the product. Even though Oracle has stated emphatically that the product will get continuous enhancement, the arrival of Campus Solution 9.1, or any major upgrade for that matter, will still be perceived as a significant development that renders the fruits of innovation in the minds of many customers. Putting off such developments will undoubtedly raise questions about Oracle's R&D priorities.

Ecosystem

Oracle has developed a thriving ecosystem of system integration and consulting firms specializing in the higher education vertical. The global systems integrators include Accenture, BearingPoint, Deloitte, Unisys, Cap Gemini, Tata, Mahindra Satyam, Wiporo, HP, CSC, Infosys, and IBM Global Services. In particular, Deloitte and IBM have been among the key implementers of PeopleSoft Campus Solutions. around the world.

Additionally Oracle has partnered with regional systems integrators including ApexIT, Business@Work, Cedar Crestone, CIBER, CY2, DARC Academy, HTS, IO Consulting, MIS, Sonda, Techlogix and Visions on major implementations for the education vertical.

Shares

With a 11% share in the education vertical, Oracle stands a good chance of growing its share because of its extensive product portfolio, added support of its technology stack, along with a global ecosystem of partners and customer references.

On the upside, Oracle, which has already become a leading applications vendor in many emerging countries, will be able to gain shares in these dynamic places where higher education is expanding more rapidly than mature markets.

On the downside, Oracle's often rosy picture of its product roadmap and the associated integration components will come under scrutiny over their promised benefits and long-term implications on existing applications investment. At the same time, the future success of Oracle may hinge on continuous innovation with the Campus Solution in order to reassure current and new customers that the vendor is fully committed to putting its massive R&D muscle behind the higher education vertical.

Pearson Education

Upper Saddle River, NJ

www.pearson.com

Overview:

Pearson School Systems offers school administrative applications and student information systems for the K-12 market in the United States, while its sister company eCollege sells on-demand eLearning applications to colleges and universities in Europe and the Americas.

Applications Revenues In Education:

	2008	2009
\$(M)	115	125

2009 Applications Revenues In Education By Region:

Region	2009(\$M)	% of total
Americas	68.75	55%
EMEA	37.5	30%
Asia Pacific	18.75	15%

2009 Applications Revenues In Education By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	37.5	30%
Large(1K-5K ees)	50	40%
SMB(1K ees and below)	37.5	30%

2009 Applications Revenues In Education By Revenue Type:

Type	2009(\$M)	% of total
License	18.75	15%
Maintenance	37.5	30%
Subscription	68.75	55%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 5.3% share in the education vertical, Pearson's ability to maintain and win share in the market segment in 2010	Average

Full overview:

As a division of a global media company, Pearson Education has two software divisions for the education vertical - Pearson School Systems and eCollege.

Pearson expanded its presence in the education vertical by acquiring the PowerSchool Student Information System product line from Apple in 2006, followed by the purchase of Chancery Software, a major vendor for the K-12 market, in the same year. In 2009 Pearson continued to add new school districts and release upgraded versions of its

core student information systems, while positioning itself for future growth with an integrated learning strategy under the Project Tapestry umbrella. That formed the basis of Pearson School Systems.

For the post-secondary market, Pearson acquired eCollege for \$477 million in 2007 to gain a foothold in the online learning market, especially for colleges and universities under pressure to deliver their coursework via the Internet to accommodate changing student needs.

Currently Pearson's customer count includes more than 25,000 K-12 schools in the United States. Its eCollege offerings has attracted more than 200 customers around the world in the Americas and Europe.

Key Applications For Education Vertical:

PowerSchool, Chancery SMS, eCollege

SCORES Analysis

Strengths

After buying two of the biggest software vendors in the K-12 market in successive moves, Pearson has consolidated its gains by continuing to refine its product strategy, while trumpeting the benefits of an extended learning community powered by its technology and educational tools.

Already with a large selection of applications for educators and administrators, Pearson has been upping the ante by sustaining its core systems and paving the road for an all-encompassing product strategy that meets the long-term needs of its customers.

In 2009 Pearson released two updates to its PowerSchool applications, adding such enhancements as graphical reporting tool, prerequisite checking and teacher course recommendations, integrated assessment reporting for the core student information system, improved health screenings and immunizations tracking.

Another key to extend its lead in the K-12 market lies in the delivery of the Project Tapestry, which serves as an overlay that connects to the vendor's student information systems, performance data management for easy reporting, as well as course management for teachers and online assessments for students.

The result is an extended learning community that keeps all stakeholders involved in the progress of the schools and the students. The close involvement will entail enhanced collaboration within a school and district, while a personalized web portal will help make self-service parental engagement possible.

The manifestation of Pearson's domain expertise in the vertical through easy-to-use technology innovation is likely to drive further growth for the vendor, which has every reason to use the widely used administrative and student information applications to help sell its other education offerings.

On the eLearning side, eCollege introduced in 2009 Pearson LearningStudio, which replaces its existing platforms Pearson eCollege and Frontier. The new product offers three licensing options - campus, blended and online. In addition Pearson has started selling eCollege offerings to K-12 schools to augment their online learning systems. Pearson has been parlaying eCollege's successes among commercial online education providers to those in other countries that want to ramp up the quality of their eLearning institutions.

Customers

With more than 25,000 schools as customers in the K-12 market, Pearson's presence is keenly felt among some of the biggest school districts in the United States and its installed base has continued to climb.

In 2009 Pearson's major customer wins included Aldine Independent School District, Spokane School District 81, West Contra Costa Unified School, Rankin County School District, Council Bluffs Community School District, Vernon School District, Cheatham County School District, Archdiocese of Seattle Catholic Schools, Archdiocese of Chicago Catholic Schools, Milton-Union School District, Regional School District 19, and Marion Center Area School District.

In addition to the US market, Pearson has begun expanding globally with its K-12 school systems. In 2009 it won Korea International School in Korea.

On the eCollege side, Pearson has been relying on more than 200 customers primarily colleges and universities in the U.S., United Kingdom, Mexico and Australia.

Sample customers of eCollege include Corinthian Colleges, Santa Monica College and Texas A&M University.

Opportunities

Pearson's biggest opportunities will remain K-12 school districts that have outgrown their legacy systems as well as others that are recipients of new stimulus dollars from the government to help strengthen their operations and improve their performance.

Another major area of growth lies in the migration of its existing customers to the latest releases of its PowerSchool or ChancerySMS, while making the Web-based versions available to those that seek greater system flexibility. For example, Pearson has been actively upgrading its legacy customers running on systems such as Pearson SASI to its Web-based PowerSchool Premier at no cost under the SASI Customer First program. PowerSchool Premier, which has 3,200 customers, represents one of the fastest-growing parts of its business.

On the eCollege side, the nascent eLearning market for colleges, universities, commercial education providers as well as K-12 schools will continue to fuel its growth especially in emerging countries.

Risks

Pearson's challenge in the K-12 market has much to do with the budget crisis facing many school districts. While it's not clear how much government funding will actually result in new IT initiatives at these schools, Pearson is counting on using its marketing and product breadth, as well as product discounts and incentives, to drive incremental sales, an aggressive promotional tool that could backfire.

On the eCollege side, the challenge remains porting its product to run in the mobile environment, which could represent significant growth opportunities in emerging countries.

Ecosystem

Pearson School Systems has built a network of consulting firms for implementing its student information systems. They include Central Minnesota Education Research and Development Council, Educational Management Associates, Excel Software Professionals, Marcia Brenner Associates, and Weidenhammer Systems Corporation.

eCollege has partnered with ISV vendors specializing in the eLearning market including Respondus for testing, survey and game applications for eLearning, SMARTHINKING for online tutoring, and InsideTrack for success coaching.

Shares

With a 5.3% share in the education vertical, Pearson's presence is expected to grow because of its inside track into the K-12 market offering a full line of technology and instructional tools for educators who have been long accustomed to using its textbooks and workbooks. At the same time, its eCollege division has become the standard platform at a large number of commercial education providers that are considered the first movers in the eLearning market.

On the upside, Pearson's two-pronged approach of selling into the full spectrum of the education vertical will ensure a diversified recurring revenue stream as well as incremental revenues from adjacent markets such as international schools and public-sector eLearning networks.

The downside is whether Pearson's education media empire will steer customers into proprietary solutions that run contrast to the open interoperability philosophy of many education practitioners.

Campus Management

Boca Raton, FL

www.campusmanagement.com

Overview:

Campus Management has been successful in selling a full suite of ERP and education-industry applications for some of the biggest colleges and universities.

Applications Revenues In Education:

	2008	2009
\$(M)	79	85

2009 Applications Revenues In Education By Region:

Region	2009(\$M)	% of total
Americas	68	80%
EMEA	12.75	15%
Asia Pacific	4.25	5%

2009 Applications Revenues In Education By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	4.25	5%
Large(1K-5K ees)	51	60%
SMB(1K ees and below)	29.75	35%

2009 Applications Revenues In Education By Revenue Type:

Type	2009(\$M)	% of total
License	25.5	30%
Maintenance	46.75	55%
Subscription	12.75	15%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Below average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 3.6% share in the education vertical, Campus Management's ability to maintain and win share in the market segment in 2010	Average

Full overview:

By addressing the needs of a range of two-year colleges, four-year universities, nonprofit organizations and foundations, Campus Management has built a diversified base of customers. Its 2008 acquisition of Talisma has been instrumental in helping Campus Management improve the quality of its constituent relationship management offerings. That came after its purchase of Donor2 for its fundraising software. In early 2008 Campus Management was acquired by Leeds Equity Partners.

Campus Management has secured a base of more than 1,700 customers with the majority of them in the higher education market in North America and Europe. Typical customers are big colleges with substantial endowments as

well as growth-oriented schools that aim to expand their continuous education divisions and satellite campuses around the world.

Key Applications For Education Vertical:

CampusVue ERP, Talisma CRM

SCORES Analysis

Strengths

Campus Management's key differentiators lie in its rapid implementations, global deployment methodologies as well as the flexibility of delivering both on-premise and on-demand solutions to meet the stringent requirements of top-ranked colleges and universities.

Campus has continued to tout its rapid implementations of a statewide distance education system that can be carried out in 90 days across dozens of campuses, global delivery of its systems in 18 months covering 80 sites and 100,000 systems, as well as the flexibility of running its systems on on-premise, application hosting, or on-demand model.

Over the past year, Campus has crafted a unified branding strategy by positioning its product suite under the CampusVue umbrella. The CampusVue suite of applications includes everything from Student Information System to Portal and from E-Learning to strategic enrollment management and fundraising.

Along with a large pool of highly referenceable customers, Campus Management's product mix and the ability of making its applications readily available on the global level will represent its key differentiators capable of meeting the changing needs of a new breed of users from growth-driven college administrators to tech-savvy students.

Customers

With more than 1,700 customers mostly in the education vertical, Campus Management has been focusing on major colleges and universities with large numbers of students as well as foundations with significant fund raising activities.

Sample customers include Dartmouth College, Duke University, Florida State University, Georgetown University, Harvard University, Indiana University, Johnson & Wales University, Mercer University, Texas A&M, University of Alabama, University of Illinois, University of Notre Dame, University of Ottawa, University System of Georgia, University of Denver, and University of Southern California.

Campus Management has been expanding globally. Last year it started selling Talisma CRM to higher education customers in the United Kingdom.

Opportunities

Campus Management's biggest opportunities lie in large colleges with complex operational requirements. Because of its track record in selling administrative systems to these schools, Campus Management has sought to help them tackle other challenges from constituent relationship management to fundraising and global expansion.

Another priority is for Campus Management to deliver a scalable system that fully integrates administrative, student information, eLearning and CRM functionality for education customers whose job is to satisfy the surging global demand for high quality post-secondary education especially in emerging countries.

Risks

After establishing a unified branding strategy, the hard work begins for Campus Management to deliver tightly integrated solutions that enables customers to have full visibility into every aspect of a university administrative, student information management and constituent relationship management system.

eLearning and mobility support remains a work in progress at Campus Management. The same applies to the need of maximizing the economy of scale for future development of Talisma's CRM offerings that can be easily configured for the education vertical as well for other industries.

Ecosystem

Campus Management has been a long-time technology partner of Microsoft. It offers Microsoft Dynamics GP as an optional ERP for accounting and other back-office functions, in addition to its own ERP systems.

For other complementary solutions, Campus Management partners with Ad Astra for Web-enabled scheduling for schools, Global Financial Aid Services for financial aid and admissions, Tegrity for coursework playback, eCollege for integrated workflows, and SAP Business Objects for reporting.

Shares

With 3.6% share in the education vertical, Campus Management's ability to gain share is average because of its diversified customer installations, which provide steady recurring revenue streams.

On the downside, Campus Management needs to articulate its commitment to industries such as financial services and retail being served by Talisma, something that could raise doubts about whether any resource allocated to one vertical comes at the expense of another.

Jenzabar

Boston, MA

www.jenzabar.com

Overview:

For more than 12 years, Jenzabar has been offering a line of enterprise resource planning, learning management and constituent relationship applications for small and midsize colleges and universities that have come to rely on its apps to help them improve processes like enrollment and retention management.

Applications Revenues In Education:

	2008	2009
\$(M)	70	74

2009 Applications Revenues In Education By Region:

Region	2009(\$M)	% of total
Americas	66.6	90%
EMEA	7.4	10%
Asia Pacific	0	0%

2009 Applications Revenues In Education By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	18.5	25%
Large(1K-5K ees)	37	50%
SMB(1K ees and below)	18.5	25%

2009 Applications Revenues In Education By Revenue Type:

Type	2009(\$M)	% of total
License	24.42	33%
Maintenance	49.58	67%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Below average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VAs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 3.1% share in the education vertical, Jenzabar's ability to maintain and win share in the market segment in 2010	Average

Full overview:

With a strong track record of delivering portal and learning management products, Jenzabar has been a reliable technology provider for the mid-market segment of the higher education vertical. By focusing on community colleges, networks of affiliated schools, institutions for continuous and adult learning, Jenzabar has continued to deliver easy to use and pragmatic solutions for such entities allowing them to better withstand shifting economic conditions in the higher education market.

Jenzabar has more than 850 customers with a user population that exceeds 1.4 million users mostly in the United States, Caribbean and Latin America.

Key Applications For Education Vertical:

Jenzabar EX enterprise resource planning system

SCORES Analysis

Strengths

With a knack of helping mid-sized colleges become successful, Jenzabar has won high marks from its customers that have gone through a major transformation by becoming more efficient and result-driven.

Leveraging the full suite of administrative, learning management and best-of-breed modules for enrollment and retention management from Jenzabar, these schools have boosted their financial strengths as well as their relationships with students, faculties and constituents.

Retention management is particularly important for mid-sized colleges that need to provide an uninterrupted education experience for its students and Jenzabar has demonstrated its products can help its customers meet or exceed such enrollment and retention targets through the use of advanced business intelligence and analytics.

Along with its portal offerings, which helped launch the vendor in 1998, Jenzabar has been enhancing its product portfolio by adding key modules such as course management, and continuing education and workforce development to address the changing needs of the student population.

For example, Jenzabar introduced e-Racer, a course management system that can be implemented independently of, or in conjunction with, Jenzabar's enterprise systems. Jenzabar's e-Racer allows students and faculty to post, share, and showcase information on a real-time basis and become more engaged in the learning process. Additional features permit faculty to easily create, customize, and manage their courses, including streamlining administrative tasks such as the ability to submit mid-term and final grades directly from the course gradebook to the Jenzabar student information system.

In 2009 Jenzabar also unveiled a new release of Jenzabar EX that includes significant enhancements designed to support a more collaborative working environment and help institutions of higher education achieve operational excellence. Jenzabar EX Release 3.0 contains numerous updates within the Purchasing, Registration, and Common modules and Financial Aid Manager, as well as improvements to the Development and Admissions modules.

The result is that Jenzabar has consistently been able to meet the requirements of its target audience. In one case, Jenzabar was able to accommodate with certainty a list of 54,000 system requirements compiled by a school consortium as the basis of its selection of a new ERP system.

Customers

With more than 850 customers in the vertical, Jenzabar has a respectable following among small and mid-sized universities and community colleges. Every year Jenzabar completes between 700 and 800 transactions including mostly add-on purchases from its existing customers.

Last year, 50 higher education institutions including Carthage College, Coahoma Community College, Dominican University, Edgewood College, Flagler College, Hofstra University, Louisiana State University, Midland Lutheran College, Quincy College, Sarah Lawrence College, Sitting Bull College, and University of Trinidad and Tobago implemented, upgraded or purchased Jenzabar applications.

Opportunities

Jenzabar has been relying heavily on small to mid-sized universities and community colleges for much of its business and that is expected to continue. With only one third of its installed base running its flagship Jenzabar EX school administrative applications, the vendor is aiming to become more entrenched among its customers through add-on sales on top of their existing portal or learning systems. Another avenue of expansion lies in selling new modules to the continuing education divisions of its existing school customers.

The consortium market will also generate incremental revenues for Jenzabar, which has been successful selling into members of buying groups such as the Wisconsin Association of Independent Colleges and Universities because of its extensive product portfolio and proven value proposition.

Risks

Jenzabar has been servicing some of its school accounts since 1998 and there is no shortage of legacy systems among such long-time customers, presenting certain challenges for the vendor to migrate them to the latest releases.

One way out of the conundrum would require Jenzabar to kickstart its on-demand strategy, delivering a dual implementation approach for its existing and new customers to take full advantage of its extensive product portfolio without incurring additional implementation costs.

Ecosystem

Jenzabar primarily sells direct to schools and colleges, but through the years it has partnered with a long list of ISV, hardware and education vendors including Academic Management Systems for Web-based surveys, Astra Schedule for campus-wide scheduling, CASHNet for payment processing, Docufide for Educational Records Delivery and Management, and Noli for imaging and workflow.

Shares

With a 3.1% share in the education vertical, Jenzabar is expected to gain modest share because of its emphasis on smaller colleges with limited IT budget.

The upside remains the fact that Jenzabar has developed a strong following among these schools, resulting in a dependable recurring revenue stream.

On the downside, its fairly small installed base could be an inhibitor in the long run. Unless it makes major acquisitions, its future will depend on how well it penetrates a market segment that has always been a laggard before embracing any new technology offering.

Infinite Campus

Blaine, MN

www.infinitecampus.com

Overview:

Infinite Campus is one of the first enterprise applications vendors developing on-demand student information systems for the K-12 market. Its solutions now enable school districts to manage records of more than 4 million students. Typical customers are district superintendents, administrators and educators.

Applications Revenues In Education:

	2008	2009
\$(M)	40	45

2009 Applications Revenues In Education By Region:

Region	2009(\$M)	% of total
Americas	45	100%
EMEA	0	0%
Asia Pacific	0	0%

2009 Applications Revenues In Education By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	11.25	25%
Large(1K-5K ees)	27	60%
SMB(1K ees and below)	6.75	15%

2009 Applications Revenues In Education By Revenue Type:

Type	2009(\$M)	% of total
License	0	0%
Maintenance	0	0%
Subscription	45	100%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Below average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1.9% share in the education vertical, Infinity Campus' ability to maintain and win share in the market segment in 2010	Average

Full overview:

Following a successful rollout of a statewide student information system in South Dakota in 2003, Infinite has developed a reputation of delivering highly scalable data management systems for school districts with tens of thousands of students.

In 2009 the vendor continued with its ascent by adding new school districts, a steady supply of release updates, as well as product add-ons and expanded channel coverage. With its quick implementations and a robust product lineup, Infinite has emerged as a viable alternative to other student information system offerings especially those from on-premise vendors.

Currently Infinite has more than 1,900 customer districts and five state implementations (South Dakota, Montana, Kentucky, Maine and the Bureau of Indian Education) in North America.

Key Applications For Education Vertical:

Infinite Campus District Edition E.1003 student information system

SCORES Analysis

Strengths

With continuous enhancements and a scalable product lineup, Infinite has garnered a fair share of the K-12 applications market by staying close to its customers. Because of its robust on-demand capabilities, Infinite has been on the leading edge in terms of meeting customer requirements in such areas as emergency notifications, nationwide district-to-district student data transfers as well as seals of approval from education departments of populous states like California and Virginia.

In 2009 it has continued with its product rollout schedule by releasing new features as a part of its on-demand delivery. Features of its recent product updates include new data synching verification reports for customers in states using the Infinite Campus State Edition, Campus Census verification report including federal race/ethnicity reporting data, school number and defaults to hide the social security number.

Its continuous delivery enhancements, coupled with its reliable data center infrastructure and field-based support, will help Infinite strengthen its ability to tackle customer challenges both at the national and local levels.

Customers

With more than 1,900 school districts as customers, Infinite has reached a critical mass that generates a steady base of subscription fees. While its recent customer wins have been coming from rural states such as South Dakota, Iowa, Oklahoma and Nebraska, it also has long-time customers on both coasts.

Recent customer wins included Alachua County Public Schools, Cave Creek Unified School District, Egg Harbor Township School District, Franklin Township Community School Corp., Norman Public Schools, Omaha Public Schools, School District of the City of Erie, Silver Valley Unified School District, and Washoe County School District.

Opportunities

Infinite's biggest opportunities lies in school districts that are in the process of standardizing on a state-wide student information system in order to boost efficiency and reduce IT support costs due to budget cutbacks.

Its fast-growing channel and partner ecosystems will also be a key catalyst for growth especially in smaller states and independent school districts.

Risks

Infinite's challenge lies in its ability to parlay its success in schools in rural states to those in urban centers where its presence is still limited. In addition it needs to accelerate the delivery of complementary solutions in such areas as eLearning, assessments and online collaboration tools for stakeholders within a school district.

Another risk lies in the overall usability of its new features that can be readily accepted and incorporated into the business process and workflow by the majority of its users, a delicate balance that Infinite needs to strike in order to accommodate the often divergent interests and technology priorities of different school districts.

Ecosystem

In 2009 Infinite signed XID of Euless, Texas, as its new channel partner. Other channel partners include Computer Information Concepts, Custom Computer Specialists, K-12 Solutions Group, and Optimal Solutions. It is also affiliated with a number of field-based organizations that deliver educational support programs and services from special education support to technology planning and implementation to local schools and districts.

Infinite maintains technology partnerships with vendors such as Apple, Databeacon, Dell, IBM, Microsoft, ShoutPoint, and Sprint.

Shares

With 1.9% share in the education vertical, Infinite's ability to grow share is average because of its reliance on small and rural school districts.

The upside is growing contributions from channel and ecosystem partners will further expand its dependable subscription revenue streams.

The downside is that a proliferation of integrated offerings that combine student information systems and elearning, which is missing in Infinite's product portfolio, could render the vendor lesser value in the eyes of prospective customers.

Constellation Software

Toronto, Ontario, Canada

www.csisoftware.com

Overview:

Since 1996 Constellation Software has acquired more than 10 vendors that specialized in education applications, assembling an extensive product portfolio for K-12 school districts and colleges. Typical customers range from school administrators, educators and food service operators for colleges.

Applications Revenues In Education:

	2008	2009
\$(M)	32	34

2009 Applications Revenues In Education By Region:

Region	2009(\$M)	% of total
Americas	34	100%
EMEA	0	0%
Asia Pacific	0	0%

2009 Applications Revenues In Education By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	5.1	15%
Large(1K-5K ees)	11.9	35%
SMB(1K ees and below)	17	50%

2009 Applications Revenues In Education By Revenue Type:

Type	2009(\$M)	% of total
License	6.8	20%
Maintenance	27.2	80%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1.4% share in the education vertical, Constellation's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Constellation Software has become one of the most aggressive consolidators in the technology industry after making dozens of acquisitions over the past few years. Since 2007 it has bought nine vendors including ACE Software, Apta Software, Computrition, Datateam, MAXIMUS Justice, Education, and Asset Solutions, Schoolhouse Software, Superior School Supplies, Tenex, and Trio.

Its latest purchase was SDS Software, which offers ERP systems for K-12 schools in Canada. It has also announced plans to gain the full ownership of Gladstone, a UK software vendor specializing in education and leisure verticals.

These vendors offered different applications for the education vertical. Harris Computer Systems is the Constellation division responsible for marketing and supporting its large portfolio of education-specific systems ranging from student information systems to food service operations of school cafeterias.

Constellation has more than 4,000 customers in the education vertical mostly in North America.

Key Applications For Education Vertical:

Harris Computer Systems, ACE Software, Apta Software, Computriton, Datateam, MAXIMUS Justice, Education, and Asset Solutions, Schoolhouse Software, Superior School Supplies, Tenex, and Trio

SCORES Analysis

Strengths

Banking on acquisitions as its primary means to pursue new and adjacent opportunities in the education vertical, Constellation has amassed a growing number of customers and a steady stream of recurring revenues. The acquired products include everything from meal nutrition systems to student relationship management for adult vocational education, along with core financials and HR and student information systems for K-12 school districts.

The diversified product portfolio is expected to help Constellation weather slowdown in any part of the market, while laying the groundwork for sustainable growth once school budgets are being replenished with increased public funding.

Its many products, coupled with its integration services, will be the impetus for customers to standardize their operational and student information systems on a single technology provider, driving considerable cross-selling and upselling opportunities.

The all-encompassing strategy, both from product positioning and total cost of ownership standpoints, is likely to put Constellation in the driver's seat when it comes to influencing the future direction of the education vertical.

Customers

With more than 4,000 customers in the vertical, Constellation has been building a sizable installed base through acquisitions and organic growth.

Many of its customers are small to mid-sized school districts, while others are located in major cities. One of its biggest customers is the Los Angeles Unified School District's Division of Adult and Career Education, which has been using Harris AIM-Student Relationship Management system to help it better manage demographics, enrollment, registration and scheduling data and reporting requirements covering more than 400,000 students.

Opportunities

Constellation will continue to grow its education business by tapping into its large installed base of public sector customers. The SDS Software acquisition will help Constellation establish a major presence in the education vertical in Canada. In addition, Constellation's decision to gain the shares of UK-based Gladstone, which offers education facilities management systems, that it did not own has cast a wide net of covering the European market following

the recent purchase of a public transit software vendor in Switzerland. As a result, the next phase of growth for Constellation will be in the Europe and Asia Pacific.

Risks

Constellation's ascent in the education vertical has not been a surprise for anyone following the vendor closely. Its aggressive acquisitions have resulted in substantial maintenance revenues that Constellation has been able to secure to sustain its growth. However the ratio is running at 1 to 5 between its license and maintenance, a lopsided showing that could mean reduced maintenance revenues in the future if not for its continuous acquisitions.

Also Constellation has little presence in the on-demand marketplace, which could undermine its appeal especially for school districts that are under pressure to scale back their IT operations by offloading them to their technology vendors.

Ecosystem

Constellation partners with a number of ISV vendors to shore up its education offerings. They include Tele-Works for interactive response, Moneris for payment processing, Academic Benchmarks for benchmarking K-12 standards.

Shares

With an 1.4% share in the education vertical, Constellation is capable of growing its share primarily through acquisitions.

On the upside, Constellation has never wavered from its stated goal of becoming a software consolidator and the payoff could be considerable as it seeks to double or triple its size over the next few years.

On the downside, Constellation has never paid close attention to the technology fit of its acquired products and there's little evidence of its technology vision, which could erode its long-term value in the eyes of customers who consider their technology partners something more than just an acquisitive software house.

Tyler Technologies

Dallas, TX

www.tylertech.com

Overview:

As a key component of its growing product portfolio for the public sector, Tyler's School Solution has been well received by more than 3,000 school customers for such features as enterprise resource planning, financial accounting, human resources and student transportation management.

Applications Revenues In Education:

	2008	2009
\$(M)	30	32

2009 Applications Revenues In Education By Region:

Region	2009(\$M)	% of total
Americas	32	100%
EMEA	0	0%
Asia Pacific	0	0%

2009 Applications Revenues In Education By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	6.4	20%
Large(1K-5K ees)	16	50%
SMB(1K ees and below)	9.6	30%

2009 Applications Revenues In Education By Revenue Type:

Type	2009(\$M)	% of total
License	12.8	40%
Maintenance	16	50%
Subscription	3.2	10%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VAs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1.3% share in the education vertical, Tyler's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Having become one of the biggest software vendors targeting the public sector market, Tyler expanded into the K-12 market through the acquisitions of EDP Enterprises in 2007, Olympia Computing, VersaTrans Solutions and School Information Systems in 2008. In 2009 it acquired PulseMark LLC., for its information warehousing solutions for the K-12 market.

The series of acquisitions has strengthened Tyler's capabilities in selling into the K-12 market with a collection of school bus routing, student information systems, along with its back-office systems for accounting and human resources functions at state and local school levels.

Currently Tyler has more than 3,000 independent schools and school districts as customers in the United States. Typical customers are school districts that standardize their back-office functions as a part of IT overhaul projects initiated by their municipal governments.

Key Applications For Education Vertical:

MUNIS product line for K-12 customers, VersaTrans field trip management

SCORES Analysis

Strengths

As a part of its accelerated push into the government market, Tyler's successive acquisitions have extended its reach into thousands of schools that are in need of new system replacements and upgrades in order to keep up with rising demands for better process efficiency and financial reporting by district administrators and state and local office holders.

Because it already serves many of these state and local government agencies, the expansion into K-12 schools will help cross-sell a slew of solutions ranging from self-service portal to health and immunization tracking.

Tyler has started integrating these products in order to deliver a seamless user experience. In 2009 it offered integration between its MUNIS financial management solution and the VersaTrans field trip management application.

Based on the new integration, users of TripTracker can request trips in the system referencing current MUNIS general ledger account balances. This allows budget verification of available funds based on cost estimates. When TripTracker approves the trip, funds are transferred. TripTracker workflow functionality facilitates the entire process.

While it will take time before such integrated offerings are extended to all of its acquired products, Tyler's commitment to the K-12 market is evident with new product enhancements as well as increased momentum in addressing different aspects of a school district's business processes.

Customers

With more than 3,000 customers in the K-12 market, Tyler has zeroed in on the potential of education as a long-term growth driver for the vendor. In 2009 it scored dozens of customer wins among small and large school districts.

Some of the largest wins were City of Bridgeport, which signed a \$2.1 million contract with Tyler. Under the contract, both the City of Bridgeport and Bridgeport Public Schools, which share a common database, will implement Tyler's MUNIS financial management software. Bridgeport Public Schools serves more than 21,200 K-12 students at 41 schools.

Other wins in 2009 included Azle Independent School District, Baker County Schools of Newton, Belleville Township High School District, Brookfield R-III of Brookfield, Missouri, Camdenton R-III School District, Highland Community Unit School District 5 of Highland, Huffman Independent School District, Joliet Public

School District 86 of Joliet, Lapwai Elementary School, Pearland Independent School District of Brazoria, Putnam County Public Schools, Roanoke-Benson School District 60 in Roanoke, and Willis Independent School District.

Such wins underscored the collective strengths of Tyler's sales force and ability to parlay its successes in state and local government procurement offices to those of school districts.

Opportunities

Tyler's biggest opportunities lie in cross-selling its K-12 offerings to its installed base of state and local government customers. It now has more than 6,000 customers in state and local government offices in the United States, Canada, Puerto Rico and the United Kingdom.

Risks

With a healthy appetite for acquisitions, Tyler's foray into the K-12 market is consistent with its growth strategy. The question is how much the vendor is planning to invest in improving these acquired assets, some of which were in need of serious technology upgrades under their previous owners. In addition its emphasis on its MUNIS product line for K-12 customers may leave some of them wanting more in critical areas such as eLearning and course management to boost the performance of their students.

In order to support the long-term strategy of its education offerings, Tyler may have no choice but to acquire other assets in order to deliver an end-to-end solution for increasingly demanding K-12 users.

Ecosystem

Much of Tyler's ecosystem for the K-12 market revolves around its Versatrans offerings because they account for the majority of its installed base. The partners for Versatrans include those selling navigation and wireless technologies such as Everyday Wireless, Navteq, Skyward, Synovia, TIES and Zonar Systems.

Shares

With an 1.3% share in the education vertical, Tyler is poised to grow its share in the market through internal development and acquisitions.

On the upside, the synergy between its education and public sector offerings is becoming more apparent than ever and there is a case to be made that Tyler's joint-marketing approach may in fact be the right formula for its target audience.

On the downside, the relatively limited research and development capabilities dedicated to the K-12 market at Tyler, compared with those for state and local government, could mean Tyler playing catch-ups with others that spend 100% of their energy on school customers by ensuring their successes for the long haul.

UNIT4

Slidrecht, Netherlands

www.UNIT4.com

Overview:

Following its successes in a number of services-based industries, UNIT4 has sharpened its focus on the education vertical with agile applications that meet the evolving needs of higher-education institutions. Typical customers are midsized colleges and universities as well as state-run school systems in Europe and other regions.

Applications Revenues In Education:

	2008	2009
\$(M)	25	25.8

2009 Applications Revenues In Education By Region:

Region	2009(\$M)	% of total
Americas	2.58	10%
EMEA	23.22	90%
Asia Pacific	0	0%

2009 Applications Revenues In Education By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	5.1	20%
Large(1K-5K ees)	12.9	50%
SMB(1K ees and below)	7.7	30%

2009 Applications Revenues In Education By Revenue Type:

Type	2009(\$M)	% of total
License	8.1	27%
Maintenance	16.2	62%
Subscription	2.7	11%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Below average
Total	With a 1.1% share in the education vertical, UNIT4's ability to maintain and win share in the market segment in 2010	Average

Full overview:

With an agile application platform that meets the changing needs of its customers, UNIT4 has emerged as one of the most popular ERP vendors in services-based organizations. The popularity stems from the fact that its applications have been well received by organizations that need to have an agile system to accommodate ad hoc requirements, while adjusting to new data models as a result of constant changes to their underlying business activities.

In the education vertical, UNIT4 has been instrumental in helping colleges, universities, state-run school systems as well as education services organizations improve their business operations through effective information delivery to automate an array of back-to-front office processes from asset depreciation to grants management.

By extending capabilities such as shared services, student information management as well as add-on products like intelligent data capture from its partners, UNIT4 has captured a growing number of schools as major accounts that have yielded tangible returns on their investment. Along the way UNIT4 has helped transform their operations and perhaps the education market as a whole.

Key Applications For Education Vertical:

UNIT4 Agresso Business World 5.5 ERP, Agresso Education for student information system

SCORES Analysis

Strengths

Buoyed by an open architecture that supports major business requirements of its school customers, UNIT4 has gained an upper hand in helping them automate an array of functions from back-end financial accounting and procurement to student information management.

In addition UNIT4 has leveraged its experience in selling ERP applications to public sector organizations by continuing to innovate such areas as shared services and best-of-breed point solutions for curriculum management designed for fast-growing schools, especially in countries like Canada, France, United Kingdom and United States where its dedicated education offerings have gained traction.

In May 2010 UNIT4 released a new curriculum management system as part of its Agresso Business World Higher Education solution to handle curriculum approval, monitoring and review. The standalone application enables schools to exert control over the creation, manipulation and validation of the curriculum being taught, while helping them ensure consistent quality of program, course and unit design.

The combination of its ERP applications and CRM solutions for managing student information and alumni relationship has resulted in growing acceptance of UNIT4's integrated approach to handle increasingly complex tasks associated with growing student bodies and their diverse profiles with the proliferation of graduate, vocational, and adult-education programs.

Customers

With more than 300 customers in the education vertical, UNIT4 has continued to add new schools while securing key reference wins around the world.

Last year's reference wins included Flanders Interuniversity Institute for Biotechnology, Handelshoyskolen, Harvard Law School, Institut National de Recherches Archeologiques Preventives(Inrap), KTH, NHS Institute For Innovate and Improvement, Thames Valley University, and University of Plymouth.

Because of the relatively large size of its education customers, some of these wins contributed to more than one million dollars each in license, maintenance and professional services revenues.

UNIT4's momentum in the education vertical has not skipped a beat with its recent win of Queensland Government Department of Education and Training in a deal worth \$6.5 million. The deal calls for UNIT4 to implement Agresso

Business World in the school system that is comprised of 1,250 schools, 40,000 teachers and 400,000 students. The deal will help support the school system's Smart Classroom education initiative that incorporates its own student information system into Web-based finance and asset management applications from Agresso Business World.

Opportunities

UNIT4 is stepping up its push into on-demand delivery of its applications. In June 2010 UNIT4 announced its VITA Cloud Angel offerings, which provide its customers with various options to access the Agresso Business World line of ERP applications as cloud-base services. The options cover everything from hardware infrastructure to data and processing locations and from industry-specific deployment needs to shared service requirements.

Education will be one of the four strategic verticals that UNIT4 is targeting for VITA Cloud Angel with a Quick Start package available for higher-education institutions by the end of 2010.

One of the benefits of VITA Cloud Angel is its versatility that allows customers to access the Agresso ERP applications using a number of delivery options ranging from on-premise to off-premise.

The offering reinforces UNIT4's strengths in providing more deployment options especially for customers that may deem multi-tenant Software As A Service solutions restrictive because of their frequent need to change their system landscape due to rapid expansion and business activity shifts.

Risks

With a sluggish economy in Western Europe where UNIT4 derives the bulk of its revenues, the outlook for the vendor is cautiously optimistic because of its diversified base of customers in a number of services-based industries.

However the number of its customers in the education vertical remains small and its presence in the vertical has been overshadowed by hefty recurring revenue streams from key sectors like government and professional services.

Even though UNIT4 appears to have no trouble securing big deals in the education vertical, the future may lie in its ability to go after the volume business by selling into networks of affiliated schools and consortiums in order to accentuate the scalability and adaptability of its applications on a regional or global level, key attributes that have not been fully exploited by the vendor.

In addition, UNIT4 may need to expand either through acquisitions or channel alliances to move into colleges and universities in rural states or subverticals such as distance-learning institutions.

Ecosystem

For the education vertical, UNIT4 primarily sells direct. Additionally it has been partnering with add-on vendors such as Intelligent Capture and Version One for their data capture products for the education vertical. It has also worked with consulting firms such as Agilon in the United States.

Shares

With a 1.1% in the education vertical, UNIT4's ability to gain share is average because of its limited number of customers and its dependency on the sluggish Western European market.

On the upside, the recent win in Australia underscores the global capabilities of its education offerings, which should pave way for UNIT4 to expand into additional English-speaking school systems.

On the downside, it will take a while before UNIT4 can become a formidable player in the education vertical, barring any major acquisitions on the horizon. The challenge lies in UNIT4's ability and willingness to turn its education-specific applications, especially the customer relationship management component, into an easily accessible product over the cloud, something that could have major ramifications on its customers, revenue outlook as well as alliances with key partners such as Salesforce.com.

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